

This letter provides a reference to the Department's proposed rules regarding the Gas Use Tax Law. See 86 Ill. Adm. Code 471.101 et seq. (This is a GIL.)

April 9, 2004

Dear Xxxxx:

This letter is in response to your Private Letter Ruling request dated October 3, 2003. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at [www.ILTAX.com](http://www.ILTAX.com) to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

AAA is a custom manufacturer of food products located at CITY, Illinois.

The purpose of this letter is to request an exemption from the Natural Gas Use Tax for the quantity of natural gas used to generate electricity without incurring the financial burden of establishing a separate account solely for this purpose with BBB, our delivering utility.

AAA purchases natural gas from outside the state. The gas is purchased from CCC and is delivered to our CITY plant by BBB. The natural gas is used in the food processing operation as a source of heat and to generate electricity. Approximately 30% of the monthly usage is for electric generation.

Currently, we have only one account with BBB which measures all of the gas delivered to the facility; however, the quantity of gas used to generate electricity can be accurately measured on an on going basis because a meter has been installed for that purpose as part of an efficiency program being conducted in conjunction with the US Department of Energy. We would be happy to submit documentation on a regular basis of the quantity of natural gas used for electric generation

Thank you for the timely consideration of this request.

**DEPARTMENT'S RESPONSE:**

We have declined to issue you a Private Letter Ruling because this issue concerns the Department's proposed rulemaking for the Gas Use Tax Law. These proposed rules may be viewed on the Department's Internet website. Please see subsection (d) of proposed Section 471.125.

I hope this information is helpful. If you require additional information, please visit our website at [www.ILTAX.com](http://www.ILTAX.com) or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Terry D. Charlton  
Associate Counsel

TDC:msk